



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Public Hearing to Consider Adopting Resolution Setting Pre-Approved Engineering News Record Adjustment Index for Usage-Based and Flat Water Rates

**MEETING DATE:** December 21, 2011

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Public hearing to consider adopting resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates.

**BACKGROUND INFORMATION:** The City Council has made numerous water rate decisions over the past few years, as summarized below. Staffs recommended action at this time is to implement a rate increase of 2.2 percent effective January 1, 2012, as presented in Exhibit A.

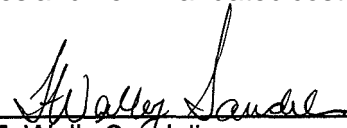
On May 20, 2009, Council waived the Consumer Price Index (CPI) adjustment of water rates based upon a lack of new information supporting neither an increase nor a decrease. On January 6, 2010, Council received advisory usage-based water rates for the purpose of research and customer billing comparisons. On July 21, 2010, Council approved a change to the date for implementing the annual rate adjustment to January 1 for each of the five years (maximum timeframe allowed by Proposition 218) following January 1, 2011. This change was recommended so that rate changes occur at the lowest usage time of the year. Council also changed the water rate adjustment index from the CPI to the ENR, effective January 1, 2012, because this index better reflects the combined inflationary effects of personnel, materials and energy costs on the total operations of the utility, as was done for the Wastewater Rates on July 15, 2010.

Council approved a professional services agreement with The Reed Group on August 6, 2008, for the preparation of a water utility financial model. The model will be used to forecast the performance of the utility through FY 2019/20 while incorporating substantial capital investments, including the surface water treatment facilities, water meter program, infrastructure replacement program, property owner meter payments and PCE/TCE remediation costs. The recommended rates presented in Exhibit A were developed using this tool.

While the ENR-based adjustment for the period October 2010 through October 2011 is 2.53 percent, the model forecast works with an increase of just 2.2 percent, as was presented in the current copy recently sent to Council. It is staffs recommendation that the water rate increase be 2.2 percent rather than the actual ENR-based increase of 2.53 percent. For a resident still on the flat rate, the monthly charge for a three-bedroom home will increase from \$41.09 to \$41.99. A metered resident using 1,500 cubic feet of water per month will see an increase from \$38.10 to \$38.95.

**FISCAL IMPACT:** Increased revenues to the water utility are required to keep up with cost of service increases and new mandated costs.

**FUNDING AVAILABLE:** Not applicable.

  
F. Wally Sandelin  
Public Works Director

Prepared by Rebecca Areida-Yadav, Management Analyst  
FWS/RAY/pmf  
Attachment  
cc: Steve Mann, Information Systems Manager

Charlie Swimley, Deputy Public Works Director - Utilities

APPROVED:

  
Konrad Bartlam, City Manager

**Exhibit A****City of Lodi -- Water Utility****Current and Proposed Water Rates**

		<b>Current (1)</b>	<b>Jan. 2012</b>
<b><i>Flat Rates (\$/month)</i></b>			
<b><i>Percent Increase</i></b>			2.2%
<b><i>Single Family Residential Unit (\$/month)</i></b>			
1 Bedroom	\$	28.54	\$ 29.17
2 Bedroom	\$	34.28	\$ 35.03
3 Bedroom	\$	41.09	\$ 41.99
4 Bedroom	\$	49.37	\$ 50.46
5 Bedroom	\$	59.22	\$ 60.52
6 Bedroom	\$	71.06	\$ 72.62
7 Bedroom	\$	85.25	\$ 87.13
<b><i>Multi-Family Residential Unit (\$/month)</i></b>			
1 Bedroom	\$	24.50	\$ 25.04
2 Bedroom	\$	29.39	\$ 30.04
3 Bedroom	\$	35.26	\$ 36.04
<b><i>Metered Water Rates</i></b>			
<b><i>Service Charge (\$/month)</i></b>			
<b><i>Single Family Residential (2)</i></b>			
Up to 3/4" Meter	\$	22.70	\$ 23.20
1" Meter	\$	36.85	\$ 37.66
1 1/2" Meter	\$	72.00	\$ 73.58
2" Meter	\$	114.35	\$ 116.87
<b><i>Multi-Family and Non-Residential (3)</i></b>			
5/8" Meter	\$	22.70	\$ 23.20
3/4" Meter	\$	22.70	\$ 23.20
1" Meter	\$	36.85	\$ 37.66
1 1/2" Meter	\$	57.50	\$ 58.77
2" Meter	\$	71.85	\$ 73.43
3" Meter	\$	100.60	\$ 102.81
4" Meter	\$	129.35	\$ 132.20
6" Meter	\$	186.80	\$ 190.91
8" Meter	\$	244.30	\$ 249.67
10" Meter	\$	301.75	\$ 308.39
<b><i>Water Usage Rates (\$/CCF)</i></b>			
<b><i>Single Family Residential (2)</i></b>			
Tier 1 - 0 to 10 CCF/month	\$	0.88	\$ 0.90
Tier 2 - 11 to 50 CCF/month	\$	1.32	\$ 1.35
Tier 3 - Over 50 CCF/month	\$	1.74	\$ 1.78
<b><i>Multi-Family and Non-Residential</i></b>			
All Water Usage	\$	0.88	\$ 0.90

RESOLUTION NO. 2011-200

A RESOLUTION OF THE LODI CITY COUNCIL  
SETTING PRE-APPROVED ENGINEERING NEWS  
RECORD ADJUSTMENT INDEX FOR USAGE-BASED  
AND FLAT RATE MONTHLY WATER RATES

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WHEREAS, Resolution No. 2010-123 approved annual water rate increases in an amount not to exceed the percentage change in the Engineering News Record (ENR) Twenty Cities Annual Average Index beginning January 2012 through January 2016. A Proposition 218 procedure was conducted that validated this action; and

WHEREAS, staff has regularly updated the Water Utility Financial Plan with the assistance of The Reed Consulting Group, Inc., of Sacramento; and

WHEREAS, the current water rate adjustment reflects a 2.2 percent increase that is lower than the actual ENR-based increase of 2.53 percent.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby set pre-approved Engineering News Record adjustment index for usage-based and flat rate monthly water rates as outlined on Exhibit A attached with the effective date of the increase to be January 1, 2012.

Dated: December 21, 2011

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I hereby certify that Resolution No. 2011-200 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 21, 2011, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, and Nakanishi

NOES: COUNCIL MEMBERS – Mayor Mounce

ABSENT: COUNCIL MEMBERS – Johnson

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk

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The City of Lodi  
**Public Works  
Engineering**



**Public Hearing  
Water Rates**

Agenda Item G - 2  
December 21, 2011



# Water Rate Setting

- July 2010 Council Adopted 5-Year Schedule of Rate Adjustments
- ENR Index Established (No More CPI)
- Proposition 218 Procedure Affirmed Schedule
- Financial Model Used to Analyze Rate Changes



# Recommendation

- January 2011 Increase - 2.0%
- Proposition 218 Anticipated Increase - 3.5%
- ENR 2011 Index Change – 2.53%



# Recommended Water Flat Rates

Residential	Current	July 2010
1 Bedroom	\$28.54	\$29.17
2 Bedroom	\$34.28	\$35.03
3 Bedroom	\$41.09	\$41.99
4 Bedroom	\$49.37	\$50.46
5 Bedroom	\$59.22	\$60.52
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# Metered Water Rates

- Fixed Monthly Service Charge: \$23.20
- Metered charges:
  - Tier 1 (Up to 7,480 gals/month) \$0.0012/gal
  - Tier 2 (7,480-37,400 gals/month) \$0.0018/gal
  - Tier 3 (>37,400 gals/month) \$0.0023/gal



Questions?



***Please immediately confirm receipt  
of this fax by calling 333-6702***

CITY OF LODI  
P. O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT: PUBLIC HEARING TO CONSIDER RESOLUTION SETTING PRE-  
APPROVED ENGINEERING NEWS RECORD ADJUSTMENT  
INDEX FOR USAGE-BASED AND FLAT WATER RATES**

**PUBLISH DATE: SATURDAY, NOVEMBER 19, 2011**

**LEGAL AD**


**TEAR SHEETS WANTED: One (1) please**

**SEND AFFIDAVIT AND BILL TO:  
LNS ACCT. #0510052**

RANDI JOHL, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED: THURSDAY, NOVEMBER 17, 2011**

**ORDERED BY: RANDI JOHL  
CITY CLERK**

  
JENNIFER M. ROBISON, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)	
LNS _____	Phoned to confirm receipt of all pages at _____ (time) _____ CF _____ MB _____ JMR (Initials)



## **DECLARATION OF POSTING**

### **PUBLIC HEARING TO CONSIDER RESOLUTION SETTING PRE-APPROVED ENGINEERING NEWS RECORD ADJUSTMENT INDEX FOR USAGE-BASED AND FLAT WATER RATES**

On Thursday, November 17, 2011, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates (attached and marked as Exhibit A) was posted at the following locations:


Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 17, 2011, at Lodi, California.

ORDERED BY:

**RANDI JOHL  
CITY CLERK**

  
JENNIFER M. ROBISON, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK



## CITY OF LODI

Carnegie Forum  
305 West Pine Street, Lodi

### NOTICE OF PUBLIC HEARING

Date: December 21, 2011

Time: 7:00 p.m.

For information regarding this notice please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

**EXHIBIT A**

### NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that on **Wednesday, December 21, 2011**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) **Resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates (as identified on the attached Exhibit A).**

Information regarding this item may be obtained in the Public Works Department, **221** West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, **221 W. Pine Street, 2<sup>nd</sup> Floor, Lodi, 95240**, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

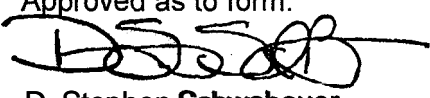
If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.

By Order of the Lodi City Council:

  
Randi Johl  
City Clerk

**Dated: November 16, 2011**

Approved as to form:

  
D. Stephen Schwabauer  
City Attorney

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